

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

Ref Nos. 26029 & 26046

**STATEMENT OF THE JOINT OFFICIAL LIQUIDATORS OF FTX
DIGITAL MARKETS LTD. IN SUPPORT OF CONFIRMATION OF THE
SECOND AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION
OF FTX TRADING LTD. AND ITS DEBTOR AFFILIATES**

Brian C. Simms KC, Kevin G. Cambridge, and Peter Greaves (the “JOLs”), in their capacity as joint official liquidators, acting as agents and without personal liability, and foreign representatives of FTX Digital Markets Ltd. (“FTX DM”), in official liquidation in the Supreme Court of the Commonwealth of The Bahamas (the “Bahamas Official Liquidation”) pursuant to the Companies (Winding Up Amendment) Act, 2011 in the Supreme Court of The Bahamas (the “Bahamas Supreme Court”), by and through their undersigned counsel, hereby submit this statement in support of confirmation of the *Second Amended Joint Chapter 11 Plan of Reorganization of FTX Trading Ltd. and Its Debtor Affiliates* [D.I. 26029] (the “Plan”),² and respectfully state as follows:

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063, respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>. The principal place of business of Debtor Emergent Fidelity Technologies Ltd is Unit 3B, Bryson’s Commercial Complex, Friars Hill Road, St. John’s, Antigua and Barbuda.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan or the Disclosure Statement, as applicable.

STATEMENT

1. The historic collapse of the FTX Group in November 2022, which precipitated the Bahamas Official Liquidation and then the Chapter 11 Cases, cast significant doubt on customers' and creditors' prospects for obtaining recovery on their claims. The issues confronted by the Debtors, the JOLs and their respective advisors were novel and complex, and necessitated finding solutions that would harmonize the prosecution and resolution of parallel plenary insolvency proceedings in the United States and the Bahamas. The Plan, which incorporates a series of comprehensive settlements, including the already-approved FTX DM Global Settlement Agreement, is a complete resolution of many novel and complicated issues that is anticipated to pay all customers and non-governmental creditors well in excess of par recoveries. This result was made possible only through the parties' tireless efforts, which ultimately resulted in collaboration and compromise rather than value-destructive and time-consuming litigation.

2. At the outset of these Chapter 11 Cases, the Debtors and the JOLs vehemently disagreed on a plethora of key legal, factual and jurisdictional issues, including the identity of FTX DM's customers, the scope of FTX DM's assets and liabilities, ownership of the international platform, and which court—this Court or the Bahamas Supreme Court—would have jurisdiction over the various cross-border issues relating to the broader restructuring of the FTX Group. On January 6, 2023, less than two months after the Petition Date, FTX DM and the Debtors entered into the Cooperation Agreement with a view toward resolving their various disputes. While the Bahamas Cooperation Agreement was successful in establishing a framework for cooperation and coordination of the JOLs' and Debtors' respective activities as fiduciaries for their estates, the Debtors and FTX DM failed to resolve many of their substantive disputes during this preliminary phase.

3. At the Court's direction to mediate, beginning in April 2023, FTX DM and the Debtors engaged in good-faith, arm's-length negotiations regarding the terms of a global settlement that would resolve all of their disputes. On December 19, 2023, the parties entered into the FTX DM Global Settlement Agreement, which was approved by this Court and the Bahamas Supreme Court. *See Order Authorizing and Approving the Debtors' and FTX DM's Entry Into, and Performance of Their Obligations Under, (I) The Global Settlement Agreement and (II) The Loan Agreement*, No. 22-11217 (JTD) (Bankr. D. Del. Jan. 24, 2024) [D.I. 141]. On August 14, 2024, this Court and the Bahamas Supreme Court approved revisions to the FTX DM Global Settlement Agreement to reflect certain additional agreements between the parties. *See Order Authorizing the FTX Digital Market Ltd.'s Entry Into, and Performance of Its Obligations Under, the First Amendment and Restatement to Global Settlement Agreement*, No. 22-11217 (JTD) (Bankr. D. Del. Aug. 14, 2024) [D.I. 172]. No creditors objected in either jurisdiction and neither order was appealed.

4. The FTX DM Global Settlement Agreement was a breakthrough in the Chapter 11 Cases and the Bahamas Official Liquidation. It requires a distribution process in which named customers of the FTX.com Exchange may elect which proceeding will govern the resolution and payment of their claims. The deadline to make the Bahamas Opt-In Election has now elapsed, and more than 44,000 customers holding more than \$1 billion of asserted claims in the aggregate have filed claims in the Bahamas Official Liquidation—in large part by using the opt-in mechanisms in the voting procedures and the Plan. The 44,000 creditors provided an irrevocable release of their claims against the Debtors and may now only recover on those claims against FTX DM.

5. The Debtors and FTX DM also agreed in the FTX DM Global Settlement Agreement to coordinate the establishment of reserves and the timing and amount of distributions to ensure that named customers of the FTX.com Exchange in both proceedings to

receive substantially identical relative treatment. The FTX DM Global Settlement Agreement also provides funding for certain non-customer claims. The parties further made mutual undertakings to support the respective parties' insolvency proceedings, and arrangements to enhance and optimize global recovery efforts and to monetize illiquid assets.

6. The FTX DM Global Settlement Agreement will be fully implemented as of the Effective Date of the Plan. If the Plan is not confirmed or the Effective Date fails to occur, the FTX DM Global Settlement Agreement will terminate. Termination would jeopardize the heavily negotiated procedures established under the agreement, as well as the settlement of the many issues that were the subject of litigation between the Debtors and the JOLs. The Plan is the culmination of extensive hard-fought negotiations between the Debtors, JOLs and other stakeholders that resolves novel and complex issues, and will maximize value for all customers and creditors of the FTX Group.

CONCLUSION

WHEREFORE, for the reasons stated herein and the reasons set forth in the Debtors' confirmation brief, the JOLs respectfully request that the Court confirm the Plan, overrule any unresolved objections, and grant such other and further relief as is just and proper.

Dated: September 30, 2024
Wilmington, Delaware

Respectfully submitted,

/s/ Brendan J. Schlauch

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